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Political ideology and the intragenerational prospect of upward mobility

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ABSTRACT

We re-examine the effect of prospects of upward mobility (POUM) on the support for redistribution. Unlike previous studies, we analyse this relation in an intragenerational context and consider the moderating effect of political ideology through which mobility expectations affect redistributive preferences. We find that the POUM effect is conditional on political preferences. That is, we find that only for right-wing individuals expected upward income mobility negatively affects support for redistribution. Left-wing individuals prefer redistribution, regardless of expected upward income movements.

1. Introduction

Governments spend major shares of GDP on redistribution and social transfers.¹ This fact is likely to explain the long history of studies into the determinants of public support for redistribution, prime candidates being self-interest, inequality aversion and political preferences. Seminal contributions by Meltzer and Richard (1981) and Dixit and Londregan (1998) brought forward an entire strand of literature on political attitudes and redistributive preferences.²

Another factor determining redistributive preferences is the so-called prospect of upward mobility (POUM) hypothesis pioneered by Benabou and Ok (2001). According to the POUM hypothesis, individuals expecting future upward income movements might rationally demand lower levels of redistribution, even though, based on their current income, they would benefit from it. The POUM hypothesis has generated a number of studies searching for evidence (e.g. Alesina and La Ferrara (2004); Checchi and Filippin (2004); Cojocaru (2014); Corneo and Gruener (2002); Hirschman and Rothschild (1973); Rainer and Siedler (2008); Ravallion and Lokshin (2000)).³ The consensus among these studies is that an increase in income mobility leads to less support for redistribution. This consensus holds for studies focussing on objective mobility, subjective expectations of mobility, as well as perceptions of mobility.

Recent studies focussing on POUM effects aim to take the role of political beliefs and attitudes into account when studying income mobility. Buscha (2012) finds that individuals that expect upward mobility are more likely to be right-wing, whereas individuals that

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¹ For example, public social expenditures totals 22% of Dutch GDP (OECD average: 21%, 2016) and over 50% of total expenditure of the Dutch government is dedicated to social expenditures (OECD average: 45%, 2013). Source: OECD.Stat.

² See for example Alesina and Angeletos (2005), Alesina and Giuliano (2011), Ashok et al. (2015); Case (2001), Feld (2000), Olivera (2015), Page and Goldstein (2016), Roemer (1998) and (1999), Kuziemko et al. (2015), Cruces et al. (2013).

³ Only few studies have further developed the theory. See e.g. Dorsch (2010) or Feri (2012).

expect a deterioration of income are more likely to be left-wing. Alesina et al. (2018) consider preferences for redistribution and political beliefs by studying how perceptions of societal mobility affect support for redistributive policies, distinguishing in their analyses between left- and right-wing individuals. In an intergenerational context, these authors find evidence in favour of a moderating effect of ideology. In particular, they find that there is more (less) support for redistribution among left-wing individuals that perceive mobility on a societal-level to be low (high). Among right-wing individuals, they find no effect of perceived mobility.

Unlike Alesina et al. (2018), we study the role that ideology plays in the relation between individuals' mobility expectations and redistributive preferences from an intragenerational perspective. There are several reasons why political ideology may influence the relation between redistribution and individual-level expectations of income mobility. Piketty (1995), for example, argues that individuals have different mobility experiences, and through these experiences derive beliefs about how sensitive upward income mobility is to individual effort. In his model, these beliefs in turn affect individual preferences for redistribution. Interestingly, Piketty (1995) implicitly assumes that left- and right-wing individuals think differently about the role of luck and effort in determining success, and therefore, have different beliefs regarding mobility. Benabou and Tirole (2006) also model mobility beliefs (or (mis)perceptions) and show that individuals who view the world as fair have different perceptions about mobility than those who have more pessimistic views. They link 'just world beliefs' to the political right and pessimistic views to the political left. Like Benabou and Tirole (2006), Alesina and Angeletos (2005), Alesina and Giuliano (2011) and Durante et al. (2014) also link perceptions of fairness based on the role of effort and luck in determining success to redistributive preferences. These studies find that those who believe that the distribution of income is fair are less likely to support redistribution. Under the premise that right-wing individuals are more likely to believe that the income distribution is fair (whereas left-wing individuals would say it is the outcome of luck), ideology affects the relation between mobility expectation and redistributive preferences (see, e.g. Alesina and Angeletos (2005); Benabou and Tirole (2006); Jost et al. (2009); Piketty (1995)). Arguments along this line regarding the moderating effect of ideology are corroborated by the findings of Alesina et al. (2018) in an intergenerational context.

In this paper, we re-examine the conditional role of political ideology in the relation between POUM and redistributive preferences and provide new evidence for a moderating effect of ideology. Unlike earlier studies, we consider the issue from a life-cycle perspective. That is, we aim to take account of the importance of life-cycle earnings by focussing on those individuals for whom the POUM effect is most relevant.⁴ This allows us to give a more precise account of the way in which ideology influences the effect of POUM on redistributive preferences. To emphasise the distinction between our contribution and the work of Alesina et al. (2018), we refer to this approach as the intragenerational perspective. Apart from this difference, our paper makes another important contribution. That is, whereas Alesina et al. (2018) study individuals' perceptions about mobility opportunities on a societal level, we consider expected income mobility on an individual level, i.e. we consider what individuals believe their own prospects of income mobility to be. Throughout the paper, we refer to this as expectations of upward mobility.

To study how political ideology influences the POUM effect, we use survey data obtained from the CentERdata panel that consists of a representative sample of Dutch households. Previewing our results, we find that the POUM effect is conditional on political ideology. More specifically, our results show that expected upward income mobility only affects redistributive preferences when respondents have right-wing political beliefs. For those with left-wing political beliefs, expected upward income mobility has no effect on preferences. Regardless of what these individuals expect to earn in the future, they prefer a society with redistribution over one without. Our results are in contrast with the findings of Alesina et al. (2018) and show that the context in which the problem at hand is analysed matters.

The paper continues as follows. In the next section, we describe our data. In section 3, we introduce our model. This is followed by our main results, as well as sensitivity checks using different measures to capture redistributive preferences in section 4. In section 5, we discuss our findings and conclude.

2. Data

Our dataset consists of 2453 observations and was gathered by CentERdata.⁵ This institute has access to over 2000 households that form a representative panel of the Dutch population. In March 2016 an invitation to participate in our survey was sent to all panel-members, of which 79.8 percent responded. The survey included questions on political preferences, current income position, individual-level future income expectations and beliefs regarding the desired level of redistribution. Additionally, we asked respondents a broad set of questions concerning their socio-economic background.

To examine whether there is a POUM effect that is conditional on political ideology, we focus on the respondents aged between 25 and 54. We focus on this age group for four reasons. Firstly, we concentrate on intragenerational mobility, which means we should consider the influence of life-cycle earnings profiles. As argued by Benabou and Ok (2001), the heterogeneity of a person's earnings over the course of his or her life could be an influential factor in how mobility expectations affect preferences for redistribution. We take into account this heterogeneity by focussing our identification on individuals that are of working age and have a prospect of climbing the income ladder in the remainder of their careers. In other words, considering the concavity of life-cycle earnings (see e.g. Blundell et al. (2015); Mincer (1974); Polachek (2008)) our identification rests on those individuals for which upward income mobility over time is within possibility. Secondly, earlier studies find that POUM effects are, generally, found among individuals that are younger, more

⁴ To be precise, we focus on individuals between 25 and 54 years old as we believe that these people are most likely to experience upward mobility. We explain this more thoroughly in section 2, where we discuss our data.

⁵ CentERdata is a Dutch institute for data collection and research. This institute sets out surveys on request of academic, public and private institutions.

educated and less likely to be employed (Cojocaru (2014)). As such, our focus is on those individuals for which the theory is most relevant. Thirdly, individuals at later stages in their life are more likely to be in or go into retirement, and thus, more likely to consider intergenerational factors. Given the substantial literature on the relation between pension schemes, social security programs, retirement decisions and labour force participation (see Gruber and Wise (1999) and (2004)), we exclude those respondents for which pension considerations are relevant. Fourthly and related to the latter argument, the survey questions we use to measure upward mobility expectations ask about expected income 10 years from today. Importantly, we thus also exclude respondents aged between 55 and 64, who, in effect, are considering pension income when asked about their future income.⁶

In Table 1, we report summary statistics related to respondents' characteristics. We distinguish between full sample characteristics (in the second column) and respondents aged between 25 and 54 (in the third column). As expected, net household income and the percentage of respondents that are employed is higher for the age group we consider for identification.

In line with the literature, we measure respondents' redistributive preferences using statements that ask about beliefs regarding redistribution. We use the following three statements: (1) *'The government should tax the rich and subsidise the poor'*, (2) *'Everyone should be rewarded by effort and performance, even when this leads to income differences'* and (3) *'Income differences between the rich and the poor should be reduced as much as possible'*.⁷ The first statement mentions a means for the government to achieve redistribution. The second statement touches upon beliefs about reasons that might justify income differences. The third statement deals with feelings toward income differences more generally and more explicitly: should there be any differences in income at all? We asked our respondents to what extent they agree with these statements on a 5-point Likert scale ranging from completely disagree to completely agree. A high score on the first and the third statements and a low score on the second statement indicate a strong preference for redistribution. The correlation between the three statements ranges from -0.21 (statements 1 and 2) and -0.30 (statements 2 and 3) to 0.57 (statements 1 and 3) for the full sample; for the sample aged 25 to 54 these correlations are -0.26 , -0.38 and 0.60 respectively.

In order to examine whether there are major differences across age with respect to redistributive preferences, we split our sample in 5 age categories (i.e., 25–34, 35–44, 45–54, 55–64 and 65+) and investigate the distribution of responses to our redistribution statements. The resulting figures can be found in the appendix, Figures A1–A3, but we discuss the observations in the main text. In all age categories, the majority chooses the neutral option when it comes to taxing the rich and subsidising the poor, and about the same amount of respondents agree with the statement as the amount that disagree with it. Considering the second statement, the distribution of responses over age categories is similar. In all age groups, more than half of the respondents believe that some income differences are allowed, as long as the rewards are based on effort and performance. At the same time, at least 40 percent of respondents believe income differences should be reduced as much as possible regardless of age, whereas less than 30 percent disagrees. Additionally, it seems that older respondents agree with reducing income differences as much as possible slightly more than respondents in lower age categories. In sum, the distribution of responses for the redistributive statements seems not to differ over age to the extent that it would affect our results. As we focus on respondents aged between 25 and 54, finding similarity over preferences for redistribution over ages is reassuring.

We conduct a factor analysis using the three statements to construct our dependent variable. Results show that the statements are well-represented by one factor, which we label 'preferences for redistribution'. Factor loadings can be found in the appendix, Table A1. Factor scores are standardised and continuous, which allows us to estimate the model with OLS. However, we check the robustness of our findings by using the statements as dependent variables and estimate our model with both OLS and ordered Probit methods.

We measure respondents' views towards their individual-level prospect of upward mobility with three survey questions and use these to create two measures of mobility.⁸ The first, which we refer to as the 'absolute' question is as follows: *'Would you say your income position in about ten years will be worse, the same or better than now?'* The resulting dummy variable is equal to 1 if the respondent answered that he/she expects his/her income position to be better in the future and 0 otherwise. The second question captures 'relative' expectations regarding future income: *'How high do you expect your income to be in comparison to others in about ten years?'*⁹ Here, respondents answer on a 5-point Likert scale ranging from considerably below average to considerably above average. To create our relative measure of upward mobility, we combine this with respondents' answers to the following question: *'Compared to others, how high do you think your current income is?'* Again, respondents answer on a 5-point Likert scale ranging from considerably below to considerably above average. Combining these questions, our relative measure of mobility expectations is a dummy variable equal to 1 when respondents judge their income in ten years to be higher than their current income (compared to others), and 0 otherwise. This implies that, for example, a respondent that views his/her current income as below average, but expect his future income to be either average, above average, or considerably above average is considered to expect upward income mobility.

In Fig. 1, we show the percentage of respondents that expect upward mobility for the absolute and relative measure. Firstly, it holds that for both measures the prevalence of respondents expecting upward income movements decreases with age. This confirms our choice to consider respondents aged between 25 and 54 for identification of a POUM effect moderated by ideology. Secondly, we infer from Fig. 1 that in all but one age category, there are more respondents expecting what we refer to as absolute upward mobility compared to

⁶ We also do not include respondents under the age of 25 for two reasons. Firstly, the number of observations is very small in this age category (77). Secondly and more importantly, most of the respondents either still live at home or are students. Therefore, any expectations on future income might be based on total family income.

⁷ Most studies use one statement to capture redistributive preferences, see e.g. Alesina and La Ferrara (2004), and Corneo and Gruener (2002).

⁸ We choose to focus on subjective measures based on empirical results, see Alesina and La Ferrara (2004), Ravallion and Lokshin (2000) and Rainer and Siedler (2008).

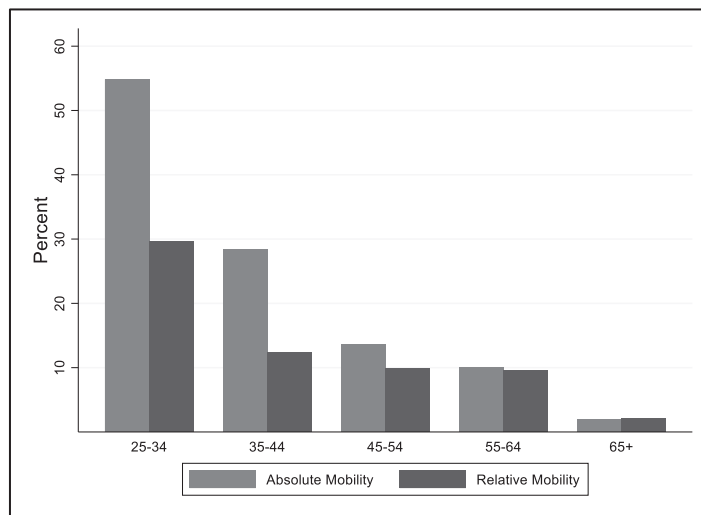
⁹ With relative we mean expected income in comparison to something else, here: other people's income. We do not mean relative in the sense of connectedness, i.e. affiliated or associated.

Table 1

Summary statistics of respondent's characteristics - full sample and sample restricted to ages 25–54.

Variable	Full Sample			Ages 25–54		
	Mean	S.D.	N	Mean	S.D.	N
Age	54	17	2453	40	8	1093
Household income (monthly; net)	2820	1391	2449	3180	1427	724
Women (in percentages)	49	–	2453	56	–	1093
Employed (in percentages)	51	–	2453	82	–	1093
Married (in percentages)	77	–	2453	80	–	1093
Religious (Christian; in percentages)	17	–	2453	15	–	1087

Note: Religiosity is based on whether a respondent votes for a Christian political party.



Note: The figure shows the percentage of respondents expecting upward income mobility for different age categories, using both the absolute and relative measure of mobility. The age categories are: 25–34, 35–44, 45–54, 55–64, 65+. We consider respondents aged between 25–54 for our identification strategy.

Fig. 1. Distribution of absolute and relative mobility by age (in percentages).

expecting what we call relative mobility.¹⁰ Of the respondents aged between 25 and 54, 33 percent expects upward income mobility when we rely on the absolute measure versus 5 percent among 55+ respondents. For the relative measure, this is 18 percent of respondents between 25 and 54 versus 5 percent among the 55+ respondents.¹¹

We measure respondents' left-right political ideology on a linear scale that ranges from 1 (left-wing) to 10 (right-wing) using the question: '*In politics people usually speak of the left and the right. Where would you place your own political ideas?*' The full sample mean of this self-reported score is 5.3 (std. dev. 1.9).¹² In all subsequent analyses, we distinguish between respondents with left-wing ideology, centre ideology and right-wing ideology. Subjects with self-reports smaller than or equal to 4 are considered 'left'. Those with self-reports larger than or equal to 7 are considered 'right'. Respondents with a self-reported score of 5 or 6 are in the centre of the political spectrum. For each of the 3 categories we construct a dummy variable.¹³

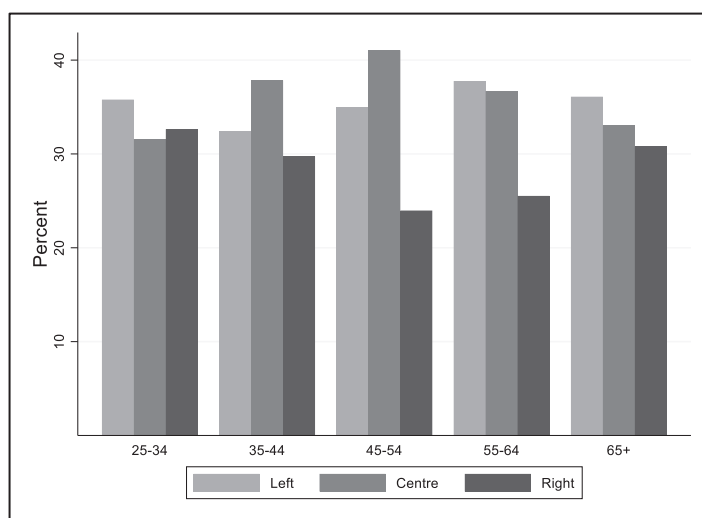
Fig. 2 shows the distribution of left, centre and right ideology over age categories. It seems that left-wing ideology is not much related to age, as the percentage of left-wing individuals is relatively constant over age categories. For centre and right-wing individuals, some trend is visible. Whereas the prevalence of right-wing ideology over age seems to be U-shaped, the prevalence of centre ideology has an

¹⁰ This is not too surprising, seeing that the relative measure is restricted by respondent's reported current income relative to others, whereas the absolute measure is not. As such, upward income movements are by construction less likely.

¹¹ Naturally, it may be the case that respondents suffer from misperceptions regarding their actual income. In Appendix Figure A4, we show perceptions of current income split along net household income. Even though there is an upward trend in perceptions of income over household income, the figure also shows discrepancies. However, as Cojocaru (2014, p. 302) points out: "The reliance on objective mobility matrices to relate prospects of upward mobility to redistribution preferences suffers from the problem that high objective probability of upward mobility need not lead to aversion to redistribution if this probability is not perceived as such. When there are such discrepancies between perceptions of mobility and objective reality, it is the former that will be crucial in shaping redistributive preferences."

¹² The sample mean of respondents aged 25–54 is also 5.3 with a standard deviation of 1.9.

¹³ If we consider self-reports from 1 to 3 to be left-wing; 4–7 to be centre; and 8–10 to be right-wing ideology, and redo the analyses, it does not affect our main results and conclusions.

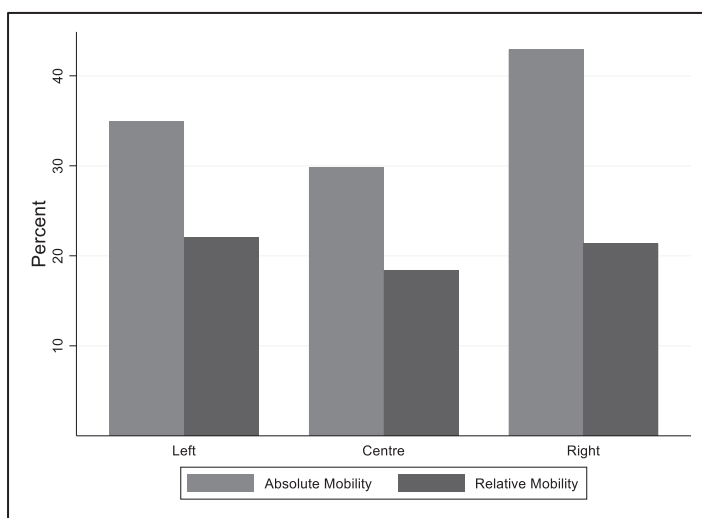


Note: This graph shows the distribution of left-right ideology for several age categories. The age categories are: 25-34, 35-44, 45-54, 55-64, 65+. We consider respondents aged between 25-54 for our identification strategy. The left-right scale ranges from 1 (left) to 10 (right), which we collapsed into left (1-4), centre (5-6) and right (7-10). We asked respondents: 'In politics people usually speak of the left and the right. Where would you place your own political ideas?'

Fig. 2. Distribution of left, centre and right ideology over age (in percentages).

inverted U-shape. Respondents that are middle aged consider their political beliefs to be more in line with centre beliefs than right-wing beliefs. If we consider only the first three age groups, i.e. respondents aged between 25 and 54, there is a downward trend in right-wing ideology versus and upward trend in centre ideology. Despite these trends, there is enough variation in political beliefs among the respondents we consider for identification.

We continue with some descriptive analyses in which we link political beliefs to mobility expectations. We use both measures of expected upward mobility and focus on the age group 25–54. There are 1074 respondents in our sample, for which we have information on both their expected mobility and their political beliefs. 34 percent has left-wing ideology, 37 percent considers themselves to be in the centre of the political spectrum and 29 percent has right-wing ideology. Moreover, 33 (17) percent of all respondents in the sample expect upward income movements versus 67 (82) percent expecting no or downward movements based on the absolute (relative) measure. In Fig. 3, we consider differences in political beliefs in relation to expected mobility. We find that for the absolute measure, right-wing respondents expect the most upward income movements, followed by respondents with left-wing political beliefs and those



Note: The graph shows mobility expectations for respondents aged between 25-54, the sample considered for identification. The absolute and relative measures are used to measure expected upward mobility. Political ideology is split out according to left-centre-right ideology.

Fig. 3. Absolute and relative mobility over ideology – Ages 25–54 (in percentages).

with centre beliefs. For the relative measure, expecting upward mobility is least frequent among respondents with centre political beliefs, whereas among left-wing and right-wing individuals expectations are similar. Furthermore, differences among respondents are smaller when we consider the relative measure of mobility.¹⁴ Based on Chi-squared tests of association, we reject the null hypothesis that absolute mobility and political ideology are independent (test-statistic = 15.46, p-value = 0.000), but we cannot reject the null of independence when we rely on the relative measure of mobility (test-statistic = 57, p-value = 0.752).

In the appendix, [Figures A6–A11](#), the reader can find the distribution of responses to the three statements on redistributive preferences for respondents expecting no mobility and upward mobility, as well as for respondents with left, centre and right political beliefs, respectively. With regards to expected income mobility and redistributive preferences, there does not seem to be a clear relation for redistribution statements 1 and 2. Respondents that expect upward income movements seem to disagree slightly more with the third redistribution statement compared to those not expecting upward movements. However, this does not seem to be the case when we measure mobility with the relative measure. The distribution of responses to the redistribution statements split out along ideological lines are as would be expected. Moving from the left to the right of the political spectrum, respondents disagree more with statement 1 and 3 and agree more with statement 2, indicating decreasing preferences for redistribution.

3. Model

We examine the POUM effect using political ideology as moderator variable. We first estimate a model without interactions and proceed with a model that includes interaction terms between upward income mobility expectations and political ideology. The models are specified as follows:

$$\text{Preferences for redistribution} = \beta_0 + \beta_1 \text{Upward mobility}_i + \beta_2 \text{Centre ideology}_i + \beta_3 \text{Right ideology}_i + \gamma Z_i + \varepsilon_i \quad (1)$$

$$\begin{aligned} \text{Preferences for redistribution} = & \beta_0 + \beta_1 \text{Upward mobility}_i + \beta_2 \text{Centre ideology}_i + \beta_3 \text{Upward mobility}_i * \text{Centre ideology}_i \\ & + \beta_4 \text{Right ideology}_i + \beta_5 \text{Upward mobility}_i * \text{Right ideology}_i + \gamma Z_i + v_i \end{aligned} \quad (2)$$

where Z_i is a vector containing our control variables and ε_i and v_i are error terms. Our dependent variable measures preferences for redistribution and the explanatory variables of interest are individual-level expectations of upward income mobility and political ideology. The focus is on the interaction between expected mobility and political beliefs.¹⁵ This interaction allows us to answer our main research question: is the effect of intragenerational prospects of upward mobility on redistributive preferences moderated by political ideology?

We follow the existing literature and control for a range of individual characteristics, including subjective (i.e., how easy it is to make ends meet) and objective (i.e., net household income) measures of current income, education level, gender, age, marital status, employment status, the number of children and whether respondents are religious.¹⁶ Additionally, we control for the degree of risk-aversion.¹⁷

4. Results

[Table 2](#) shows the results of estimating equations (1) and (2) using the absolute measure of upward mobility as dependent variable in columns (1) and (3), and the relative measure in columns (2) and (4).¹⁸ In the first two columns of [Table 2](#), we include 2 model specifications in which we estimate the model without interaction effects to facilitate comparison with studies that exclude the

¹⁴ [Figure A5 in the appendix](#) shows the relation between mobility and ideology for respondents aged 55+. For these respondents, differences between relative and absolute mobility are smaller. Moreover, based on the absolute measure left-wing respondents expect the most upward income mobility, followed by respondents with centre and right-wing beliefs. For the relative measure, the relation between expected mobility and ideology is similar to the age group we consider for identification. Overall, expected upward mobility in this age group is considerably less prevalent compared to the sample including respondents aged between 25 and 54.

¹⁵ Note that respondents that indicated to be left-wing are the reference category in our model and estimations.

¹⁶ See e.g. [Alesina et al. \(2018\)](#), [Alesina and Giuliano \(2011\)](#), [Fong \(2001\)](#), [Guillaud \(2013\)](#), and [Olivera \(2015\)](#). Additionally, race is one of the standard controls in research on redistributive preferences. Unfortunately, our dataset does not contain information on the race or origin of our respondents. With regards to risk aversion, as [Benabou and Ok \(2001\)](#) argue, only individuals that are not too risk-averse can be affected by a POUM effect, as it is risk-averse individuals that also view redistribution as insurance against downward income movements (for empirics see [Cojocaru \(2014\)](#)).

¹⁷ The education variable is denoted in the amount of years needed (on average) to obtain a specific educational degree, i.e. the higher this variable, the higher level of obtained education. In the Dutch education system, this leads to the following scoring: 6 years (elementary school)/8 years (low-level secondary education)/10.5 years (vocational education)/11.5 years (high-level secondary education)/14 (low-level (applied) university education)/16.5 (high-level university education). The religion dummy is a proxy based on whether a respondent has voted for a Christian political party during the last governmental election. The subjective measure of household income asks respondents how easy it is for them to make ends meet. The corresponding scale ranges from 1 (very difficult) to 5 (very easy). The household income categories are 1) lower than 1150 euro, 2) between 1151 and 1800 euro, 3) between 1801 and 2600 and 4) more than 2600 euro.

¹⁸ For completeness, we include F-tests of the POUM-effect and the effects of left (right) ideology in all regression tables. The former is in some cases significant, the latter are in all cases significant. We thank an anonymous referee for the suggestion.

Table 2

OLS estimation results using 'Preferences for redistribution' as dependent variable and left-centre-right dummies.

Dependent variable: Preferences for redistribution (reference: left-wing)	(1) Absolute	(2) Relative	(3) Absolute	(4) Relative
Dummy expectation of upward income mobility	−0.307*** (0.085)	−0.112 (0.101)	−0.092 (0.130)	0.158 (0.142)
Centre ideology	−0.707*** (0.086)	−0.719*** (0.086)	−0.653*** (0.102)	−0.655*** (0.095)
Dummy expectation of upward income mobility x centre			−0.165 (0.175)	−0.350* (0.207)
Right-wing ideology	−1.124*** (0.098)	−1.161*** (0.098)	−0.943*** (0.123)	−1.067*** (0.109)
Dummy expectation of upward income mobility x right-wing			−0.484** (0.189)	−0.499** (0.227)
Risk averse - risk loving	−0.038* (0.021)	−0.042* (0.022)	−0.040* (0.021)	−0.041* (0.022)
Education	−0.073*** (0.015)	−0.080*** (0.015)	−0.075*** (0.015)	−0.081*** (0.015)
Dummy female	−0.005 (0.073)	0.021 (0.073)	−0.011 (0.072)	0.025 (0.072)
Age	−0.003 (0.005)	0.002 (0.005)	−0.002 (0.005)	0.002 (0.005)
Dummy married	0.000 (0.111)	0.004 (0.112)	−0.010 (0.110)	−0.009 (0.111)
Dummy employed	−0.246** (0.098)	−0.234** (0.100)	−0.256*** (0.098)	−0.225** (0.099)
It is difficult to make ends meet (ref: very difficult)	−0.219 (0.302)	−0.141 (0.291)	−0.237 (0.296)	−0.170 (0.289)
We exactly make ends meet (ref: very difficult)	−0.364 (0.296)	−0.269 (0.285)	−0.385 (0.290)	−0.306 (0.284)
It is easy to make ends meet (ref: very difficult)	−0.674** (0.301)	−0.569* (0.290)	−0.679** (0.294)	−0.602** (0.289)
It is very easy to make ends meet (ref: very difficult)	−1.049*** (0.321)	−0.939*** (0.309)	−1.065*** (0.315)	−0.978*** (0.309)
Household income category 2 (ref: category 1)	0.212 (0.174)	0.192 (0.173)	0.220 (0.173)	0.204 (0.173)
Household income category 3 (ref: category 1)	0.089 (0.169)	0.072 (0.169)	0.097 (0.168)	0.081 (0.168)
Household income category 4 (ref: category 1)	−0.207 (0.172)	−0.244 (0.172)	−0.197 (0.172)	−0.226 (0.172)
Dummy religious	−0.038 (0.111)	−0.022 (0.112)	−0.056 (0.111)	−0.030 (0.111)
Children	−0.016 (0.034)	−0.011 (0.034)	−0.017 (0.034)	−0.013 (0.034)
Constant	2.555*** (0.468)	2.303*** (0.462)	2.523*** (0.461)	2.269*** (0.456)
Observations	1052	1049	1052	1049
Adj. R-squared	0.271	0.261	0.275	0.263
F-statistic of joint significance test of:				
Centre ideology and interaction with upward mobility dummy (p-value)			34.14 0.000	36.86 0.000
Right ideology and interaction with upward mobility dummy (p-value)			71.46 0.000	73.96 0.000
Upward mobility dummy and interactions with ideology dummies (p-value)			6.09 0.000	2.07 0.10

Note: OLS regression results are displayed with robust standard errors clustered at the household level (in parentheses). Significance is indicated as follows: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. The dependent variable is the factor 'preferences for redistribution'. The sample consists of respondents aged between 25 and 54. In column (1) expected upward mobility is captured with the absolute measure; in column (2) with the relative measure. Political ideology is captured with left-centre-right dummies. The reference group consists of respondents with left-wing ideology. See footnote 17 for a description of the education, religion and household income variables. A high score on 'risk averse - risk loving' indicates risk-loving; 'children' is the number of children living at home.

interaction effect. We find a POUM effect in line with earlier studies when we rely on our absolute measure of expected upward mobility. The dummy for absolute mobility is negative and statistically significant (at the 1% level), indicating that individuals that expect upward income movements have less strong preferences for redistribution. This result is not found when we capture upward mobility with the relative measure. It should be noted that the results for the relative measure do not imply that there is no moderating effect of ideology, nor does the significant coefficient for the absolute measure of mobility imply that there is. They suggest that for the absolute measure, the average POUM-effect over different ideologies is statistically different from zero, but for the relative measure it is not. We, however, argue that the POUM-effect differs across the left-right ideological spectrum. Thus, our preferred specification includes an interaction effect, as this allows us to compare the effect of upward mobility on redistributive preferences for individuals with different ideology.

When we consider the estimation results of the specifications including the interaction effect (columns (3) and (4)), we do find that the POUM effect is moderated by political ideology. We first focus on the sign and significance of the estimated coefficients of the interaction terms. Considering centre ideology, the interaction effect with expected upward mobility captured with the absolute measure is insignificant. The interaction between centre ideology and relative upward mobility is significant at the 10% level. This suggests that for the centre ideological group expecting upward income movements has a negative effect on preferences for redistribution compared to when no or downward income mobility is expected. However, this result is dependent on the measure of mobility that is used and thus not fully robust. For right-wing respondents we find negative and significant (at the 5% level) coefficients of the interaction terms for both mobility measures. This shows that for right-wing individuals the POUM effect on redistributive preferences is moderated by political ideology.

Table 2 also shows that both dummies measuring expected upward mobility are insignificant. This shows that there is no statistically significant effect of upward mobility on redistributive preferences for our left-wing respondents (i.e. the reference group). Furthermore, we find that both ideology dummies are negative and significant at the 1% level. When no upward mobility is expected, both centre and right-wing respondents have a less strong preference for redistribution than left-wing respondents. This effect of ideology is an established outcome (e.g. Alesina et al. (2018); Alesina and Giuliano (2011); and Olivera (2015)). Taking these results together, we thus find that, while right-wing respondents have a lower preference for redistribution to begin with, those expecting upward income movements prefer even less redistribution.

Table 3

Marginal effects of expecting upward income mobility on preferences for redistribution (measured as factor) for left-wing, centre and right-wing ideology.

Dependent variable: Preferences for redistribution	(1)	(2)
	Absolute Measure	Relative Measure
Left-wing ideology	−0.092 (0.130)	0.158 (0.142)
Centre ideology	−0.257* (0.132)	−0.192 (0.162)
Right-wing ideology	−0.576*** (0.145)	−0.341* (0.186)
Observations	1052	1049

Note: This table shows marginal effects of expected upward mobility for left-wing, centre and right-wing ideology on preferences for redistribution. Standard errors are in parentheses. Significance is indicated as follows: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. The marginal effects are calculated from coefficients estimated using an OLS specification. The dependent variable is the factor ‘preferences for redistribution’. In column (1) mobility is measured with the absolute measure. In column (2) the relative measure is used.

Additionally, we can infer from Table 2 that an increase in the (subjective) current income position of respondents leads to less support for redistribution. The easier it is for people to make ends meet, the less redistribution is preferred. Being more risk-loving also reduces the support for redistribution. Moreover, employed individuals and individuals with higher education prefer less redistribution as well. These findings confirm earlier research on redistributive preferences (e.g. Alesina and Giuliano (2011); Fong (2001); and Guillaud (2013)).

To gain more insight into the moderating role of ideology on the POUM effect, we calculate the average marginal effects of upward mobility expectations for left-wing, centre and right-wing respondents. These marginal effects, reported in Table 3, confirm our earlier findings. There is no effect of upward mobility on redistributive preferences for left-wing respondents. For these individuals, expecting to earn more in the future does not affect their preferred level of redistribution today. However, for both measures, we find a negative and significant marginal effect of mobility expectations for right-wing respondents (at the 1% level for the absolute measure and the 10% level for the relative measure). Identifying with right-wing ideology and expecting upward income movement leads to less strong support for redistribution. Considering respondents with centre-ideology, we find a negative and significant (at the 10% level) effect of upward mobility when we rely on the absolute measure. However, there is no statistically significant difference between the marginal effects of the left-wing and centre respondents (as shown by the insignificance of the interaction term in column (3) of Table 2). For the relative measure, we find no significant marginal effect among respondents with centre ideology.¹⁹

All-in-all, we find that the POUM effect is moderated by political ideology. More specifically, the negative effect of expected upward mobility on preferences for redistribution found by earlier studies is conditional on having right-wing political beliefs.²⁰ Our results indicate no POUM effect for left-wing ideology and no robust POUM effect for centre ideology. As such, we find a conditional POUM effect, in which right-wing ideology and mobility expectations work as complements.

4.1. Robustness: the statements as measures of redistributive preferences

To see whether the conditional POUM effect is sensitive to our measure of redistributive preferences, we present results using the three statements separately as dependent variables in Table 4. In columns (1) and (2), the dependent variable is the first redistribution statement: ‘The government should tax the rich and subsidise the poor’. In columns (3) and (4), redistributive preferences are measured with the second statement: ‘Everyone should be rewarded by effort and performance, even when this leads to income differences’. To facilitate comparison, we rescale this variable such that high values correspond to disagreeing with the statement, and thus with a preference for redistribution. In columns (5) and (6), the third statement, ‘Income differences between the rich and the poor should be reduced as much as possible’, is the dependent variable.²¹

¹⁹ For the relative measure, it holds that the marginal effect of having centre ideology on preferences is significantly different from the left-wing effect, as indicated by the significance (at the 10% level) of the interaction term in Table 2. However, the marginal effect is not significantly different from zero. The effect among centre ideologists is thus not very robust.

²⁰ Four notes should be added. In our main analysis we consider ideology not to be linear. As such, we estimate a fully saturated model using ideology dummies as well as a dummy for mobility expectations and include all interaction terms, hereby following the advice of Hainmueller et al. (2019). In a robustness analysis we, however, restrict our ideological variable to be linear and assume the interaction effect to be linear. This does not affect our main results: we find a POUM effect conditional on ideology. The output table (Table A2) and marginal effects plot (Figure A12) can be found in the appendix. Note though, that using the diagnostic tools of Hainmueller et al. (2019) we reject the assumption that our interaction effect is linear. As such, the linear interaction model that we estimate should be interpreted with caution as it could suffer from misspecification bias. Secondly, using continuous monthly net household income instead of income categories or restricting the sample to respondents aged between 25 to 45 and 30 to 50 does not change the results. Restricting the sample to respondents aged 35–54; however, does. For this group, there seems to be no robust significant POUM effect, neither directly (results on request) nor conditional on ideology. Output tables can be found in the appendix (Table A4–A7). Thirdly, we conducted similar exercises for expectations of downward income mobility (measure based on the ‘absolute’ survey question) and we do not find significant interaction effects with ideology. Fourthly, when we change the sample to either respondents aged between 25 and 64 or to all respondents above 25, we do not find robust POUM effects conditional on ideology, i.e. no interaction effects that are robust over mobility/ideology measures and sample. Results are available on request.

²¹ We present OLS estimates; however, results and conclusions are unchanged when estimating ordered Probit models.

Table 4

OLS estimation results with the 3 redistribution statements as dependent variables and left-centre-right dummies as measure of ideology.

Dependent variable (reference: left-wing)	(1) Stat. 1 <i>Absolute</i>	(2) Stat. 1 <i>Relative</i>	(3) Stat. 2 <i>Absolute</i>	(4) Stat. 2 <i>Relative</i>	(5) Stat. 3 <i>Absolute</i>	(6) Stat. 3 <i>Relative</i>
Dummy expectation of upward income mobility	0.082 (0.110)	0.248* (0.127)	0.035 (0.105)	0.126 (0.122)	−0.190* (0.106)	−0.022 (0.116)
Centre ideology	−0.434*** (0.083)	−0.456*** (0.077)	−0.100 (0.083)	−0.132* (0.076)	−0.536*** (0.082)	−0.514*** (0.077)
Dummy expectation of upward income mobility x centre	−0.197 (0.147)	−0.256 (0.176)	−0.315** (0.145)	−0.398** (0.179)	0.019 (0.143)	−0.149 (0.176)
Right-wing ideology	−0.586*** (0.100)	−0.676*** (0.089)	−0.370*** (0.090)	−0.435*** (0.080)	−0.728*** (0.095)	−0.799*** (0.085)
Dummy expectation of upward income mobility x right-wing	−0.465*** (0.157)	−0.547*** (0.182)	−0.388*** (0.136)	−0.483*** (0.162)	−0.157 (0.151)	−0.106 (0.192)
Observations	1061	1058	1059	1056	1061	1058
Constant & Controls?	YES	YES	YES	YES	YES	YES
Adj. R-squared	0.186	0.181	0.124	0.119	0.232	0.221
F-statistic of joint significance test of:						
Centre ideology and interaction with upward mobility dummy	25.58	26.84	6.63	6.68	28.90	29.88
(p-value)	0.000	0.000	0.001	0.001	0.00	0.000
Right ideology and interaction with upward mobility dummy	50.47	55.27	31.64	33.36	52.63	56.03
(p-value)	0.000	0.000	0.000	0.000	0.000	0.000
Upward mobility dummy and interactions with ideology dummies	4.04	3.00	6.60	4.66	4.47	0.70
(p-value)	0.007	0.030	0.000	0.003	0.004	0.552

Note: OLS regression results are displayed with robust standard errors clustered at the household level (in parentheses). Significance is indicated as follows: ***p < 0.01, **p < 0.05, *p < 0.1. The regression model included a constant and the same control variables are used in these regressions as in Table 2. The sample consists of respondents aged between 25 and 54. In columns (1) and (2), the dependent variable is redistribution statement 1 (*The government should tax the rich and subsidise the poor*). In column (3) and (4), it is redistribution statement 2 (*Everyone should be rewarded by effort and performance, even when this leads to income differences*), which is rescaled such that high values correspond to disagreeing with the statement. In column (5) and (6) redistribution statement 3 (*Income differences between the rich and the poor should be reduced as much as possible*) is the dependent variable. In column (1), (3) and (5), expected upward mobility is measured using the absolute measure; in column (2), (4) and (6), using the relative measure. Political ideology is captured with left-centre-right dummies. The reference group consists of respondents with left-wing ideology.

Table 5

Marginal effects of expecting upward income mobility on preferences for redistribution (measured with redistribution statements) for left-wing, centre and right-wing ideology.

Dependent variable	(1) Stat. 1 <i>Absolute</i>	(2) Stat. 1 <i>Relative</i>	(3) Stat. 2 <i>Absolute</i>	(4) Stat. 2 <i>Relative</i>	(5) Stat. 3 <i>Absolute</i>	(6) Stat. 3 <i>Relative</i>
Left-wing ideology	0.082 (0.110)	0.248* (0.127)	0.035 (0.105)	0.126 (0.122)	−0.190* (0.106)	−0.022 (0.116)
Centre ideology	−0.115 (0.109)	−0.008 (0.131)	−0.280** (0.110)	−0.272* (0.142)	−0.171 (0.107)	−0.171 (0.139)
Right-wing ideology	−0.383*** (0.118)	−0.298** (0.137)	−0.354*** (0.096)	−0.358*** (0.117)	−0.347*** (0.114)	−0.128 (0.160)
Observations	1061	1058	1059	1056	1061	1058

Note: This table shows marginal effects of expected upward mobility for left-wing, centre and right-wing ideology on preferences for redistribution. Standard errors are in parentheses. Significance is indicated as follows: ***p < 0.01, **p < 0.05, *p < 0.1. The marginal effects are calculated from coefficients estimated using an OLS specification. The dependent variables are the 3 redistribution statements (statement 1 in columns (1) and (2); statement 2 in (3) and (4); statement 3 in (5) and (6)). In columns (1), (3) and (5) mobility is measured with the absolute measure. In columns (2), (4) and (6) the relative measure is used.

The results in Table 4 show that having centre ideology (in most specifications) or right-wing ideology (in all specifications) has a negative and significant effect on redistributive preferences relative to the reference group of left-wing respondents. We also find a moderating effect of political ideology. The results show a negative conditional effect of upward mobility expectations via right-wing ideology, when we measure preferences with redistribution statement 1 and 2 (see columns (1)–(4)). This confirms our baseline findings. We also find a negative conditional effect for respondents with centre ideology when we measure preferences with the second redistribution statement. When we instead measure redistributive preferences using the third statement, we do not find any moderating effect of ideology.

When we calculate average marginal effects, reported in Table 5, for the three ideological groups, our findings are confirmed. If we capture redistributive preferences with statements 1 and 2, we find a POUM effect that is moderated by political preferences. For individuals with right-wing political ideology compared to those with left-wing ideology, expecting upward income movements has a

negative effect on the preferred level of redistribution. The same holds for respondents with centre ideology, but only when statement 2 is used. In contrast to the main model, a new finding is the significant (at the 10%-level) positive marginal effect for left-wing respondents in column (2) (statement 1, relative measure). This suggests an effect of mobility for left-wing respondents that is opposite from that for right-wing respondents. However, this finding is not robust.

If we consider the marginal effects in columns (5) and (6), we find no significant effect of individual-level mobility expectations on preferences regardless of ideology when measuring mobility with the relative measure. If we use the absolute measure of mobility, however, the marginal effects for left-wing and right-wing respondents are both negative and significant (at the 10% and 1% level respectively), whereas the marginal effect for centre respondents is not. Nevertheless, the estimation results in Table 4 show that the interaction terms for centre and right-wing ideology (column (5)) are both insignificant. Therefore, we do not find a moderating effect of political ideology when we use statement 3 and capture mobility with the absolute measure. In other words, there is no statistically significant difference between the marginal effects for the three ideological groups.

We, thus, find a POUM effect moderated by political ideology when we measure redistributive preferences with statement 1 and 2, but we do not find one when using statement 3. If we consider the differences between the three redistributive statements, we might be able to shed some more light on these findings. Whereas in statements 1 and 2 redistribution is the derivative of something else, in statement 3 it is the explicit (maybe even ultimate) goal. This suggests that differences in income can still exist within what is implied by statements 1 and 2, whereas this is much less so (or even not at all so) for statement 3. Taking this together, our results seem to indicate that the debate on whether there should be any difference in incomes does not distinguish individuals with different mobility expectations along ideological lines. Instead, the distinguishing feature seems to be whether something should be done about it.²²

4.2. Robustness: average and below average income

In this subsection we test whether our results are driven by respondents with above average income, who might be more right-wing (e.g. Alesina (1987); DiTella and MacCulloch (2005); Hibbs (1977); Laméris et al. (2018)) and less in favour of redistribution (e.g. Alesina and Giuliano (2011); Guillaud (2013) and Olivera (2015)). Based on self-reported current income, we restrict our sample to respondents that have an average or below average income. Table 6 shows the estimation results.

We find results in line with our baseline findings. The POUM effect that we find is moderated by political preferences. The interaction effect between centre ideology and expected upward mobility is marginally significant (at the 10% level), but only when we measure mobility with the relative measure. The moderating effect of ideology among centre respondents is thus not very robust. For right-wing respondents, however, the interaction effect is negative and statistically significant (at the 1%-level), regardless of which measure of mobility is used. Moreover, both dummies measuring expected upward mobility are insignificant. In other words, there is no statistically significant effect of upward mobility on redistributive preferences for the reference group, i.e. left-wing respondents. Marginal effects confirming our earlier findings can be found in Table 7.

We conclude that our findings are not driven by respondents with above average incomes and confirm that the POUM effect is moderated by right-wing political ideology. Even among respondents with average or below average incomes, expecting upward income movements is related to less strong preferences for redistribution, but only for those with right-wing political preferences.²³

5. Conclusion

In this paper, we re-examine whether political ideology has a moderating influence on the relation between mobility expectations and redistributive preferences within an individual's life-time. Earlier studies either report findings suggestive of such a conditional relation (Buscha (2012)) or find evidence in an intergenerational context (Alesina et al. (2018)). Unlike previous studies, we look at the relation from an intragenerational perspective. Furthermore, we focus on individual-level mobility expectations, instead of perceptions of societal mobility.

Based on our findings, we conclude that there is an effect of expected upward mobility on redistributive preferences, but only for individuals with right-wing political beliefs. This result suggests that some individuals feel that opposing redistribution might be in their self-interest, since they expect their income to move upward to such an extent that more redistribution disadvantages them in the future. This interpretation of our findings is in line with earlier research (e.g., Alesina and La Ferrara (2004); Cojocaru (2014); Corneo and Gruener (2002); Rainer and Siedler (2008)). However, the conditionality of the POUM effect on political ideology in an intragenerational context is a novel finding. We conclude that right-wing ideology and individual-level mobility expectations work as complements.

²² As with our baseline results, the results in this section are confirmed if we measure ideology linearly (output table and marginal effects plots can be found in the appendix, Table A3 and Figures A13-A15); if we control for continuous household income instead of income categories (results available on request); and if we restrict the sample to respondents aged between 25 to 45 and 30 to 50 (results available on request). Moreover, for downward income mobility we do not find significant interaction effects with ideology. For statement 1, we find similar significant negative interaction effects of upward mobility via ideology for samples with respondents aged between 25 and 64 or 25 and up. For statement 2, we find in all but one case (relative measure of mobility in 25 and up sample) significant negative interaction effects of upward mobility via ideology for samples with respondents aged between 25 and 64 or 25 and up. We find no interaction effects in these age samples for statement 3. Results are available on request.

²³ The results in this section are confirmed if we measure ideology linearly. For statement 1 and 2, we find a similar significant negative interaction effects of upward mobility via right-wing ideology. Results when using statement 3 are not significant. Results are available on request.

Table 6

OLS estimation results with the factor 'Preferences for redistribution' as dependent variable and measuring ideology using dummies – sample restricted to respondents with average and below average income.

Dependent variable: preferences for redistribution	(1) Absolute Measure	(2) Relative Measure
Dummy expectation of upward income mobility	−0.056 (0.157)	0.244 (0.157)
Centre ideology	−0.564*** (0.120)	−0.539*** (0.120)
Dummy expectation of upward income mobility x centre	−0.219 (0.211)	−0.429* (0.225)
Right-wing ideology	−0.824*** (0.148)	−0.917*** (0.151)
Dummy expectation of upward income mobility x right-wing	−0.747*** (0.246)	−0.614** (0.261)
Observations	715	714
Constant and Controls?	YES	YES
Adj. R-squared	0.204	0.186
F-statistic of joint significance test of:		
Centre ideology and interaction with upward mobility dummy	18.03	20.53
(p-value)	0.000	0.000
Right ideology and interaction with upward mobility dummy	37.71	38.28
(p-value)	0.000	0.000
Upward mobility dummy and interactions with ideology dummies	6.09	2.25
(p-value)	0.000	0.081

Note: OLS regression results are displayed with robust standard errors clustered at the household level (in parentheses). Significance is indicated as follows: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. The regression model included a constant and the same control variables are used in these regressions as in Table 2. The dependent variable is the factor 'preferences for redistribution'. The sample consists of respondents aged between 25 and 54. In column (1) expected upward mobility is captured with the absolute measure; in column (2) with the relative measure. Political ideology is captured with left-centre-right dummies. The reference group consists of respondents with left-wing ideology.

Table 7

Marginal effects of expecting upward income mobility on preferences for redistribution (measured as factor) for left-wing, centre and right-wing ideology – sample restricted to respondents with average and below average income.

Dependent variable: Preferences for redistribution	(1) Absolute Measure	(2) Relative Measure
Left-wing ideology	−0.056 (0.157)	0.244 (0.157)
Centre ideology	−0.275* (0.160)	−0.185 (0.174)
Right-wing ideology	−0.803*** (0.198)	−0.370* (0.219)
Observations	715	714

Note: This table shows marginal effects of expected upward mobility for left-wing, centre and right-wing ideology on preferences for redistribution. Standard errors are in parentheses. Significance is indicated as follows: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. The marginal effects are calculated from coefficients estimated using an OLS specification. The dependent variable is the factor 'preferences for redistribution'. In column (1) mobility is measured with the absolute measure. In column (2) the relative measure is used.

For those with centre political beliefs, upward mobility does not robustly affect preferences. For left-wing individuals, redistribution is always a preferred outcome regardless of expected income movements.

To the best of our knowledge, there is one other paper that examines the moderating effect on ideology on POUM. In an inter-generational context, Alesina et al. (2018) find that left-wing individuals are affected by perceived mobility on a societal-level, whereas right-wing individuals are not. This is different from what we find in an intragenerational setting, when we consider individual-level prospects of upward mobility. The different results seem to suggest that left-wing individuals might be more concerned with perceived societal mobility, while right-wing individuals are concerned more about their own mobility prospects. However, this is something that needs to be confirmed in future research.

Furthermore, future research should also consider other sources of heterogeneity in income mobility processes, such as race (see Beckman and Zheng (2007) for an example), gender and occupation. Additionally, our sample consists of Dutch citizens only. Future research using a larger set of countries will tell whether our results are robust in a cross-country setting. The same holds for the cross-sectional nature of our dataset. As our data is a snapshot of individuals at a certain point in time, we are unable to take into account individual changes in prospects of upward mobility. Again, studying the conditionality of the POUM effect in a panel, in which individuals are followed over the course of some years, will have to show whether our results are robust over time. This would also allow for cohort-effects, which could give additional insights. While we admit that having cross-sectional data imposes some limitations to our study, we believe that it should not be disregarded that we are considering subjective prospects of mobility, i.e. what an individual expects his/her income mobility to be. Our findings show that these are relevant regardless of whether they will be realised or not.

The findings presented in this paper might be of special interest to political parties, specifically regarding their position on desired levels of redistribution and corresponding proposals for redistributive policies. Particularly for right-wing parties the result could be of interest, as it is likely that mobility expectations play a role in determining party support via voter's ideology. However, this latter statement should be confirmed in future research. Moreover, our results suggest a potential policy-channel to create more widespread

support for the growing inequality of societies, being through increasing income mobility.

Declaration of competing interest

None.

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Appendix A - Supplementary Material

Supplementary data to this article can be found online at <https://doi.org/10.1016/j.ejpoleco.2020.101854>.

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